

A U S T I N C I T Y C O U N C I L

AGENDA



Thursday, July 27, 2006

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Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION

ITEM No. 57

Subject: Approve ratification of contract Amendment No. 3 with HYUNDAI CORP., Gardena, CA, to increase the contract authorization for the purchase of additional power transformers in an amount not to exceed \$3,450,000 for a revised total contract amount not to exceed \$23,529,424.

Amount and Source of Funding: Funding in the amount of \$3,450,000 is available in the Fiscal Year 2005-2006 Amended Capital Budget of Austin Energy.

Fiscal Note: A fiscal note is attached.

**Additional Backup
Material**

(click to open)

- [CBN MEMO HYUNDAI
RCA 072706DC](#)
- [HYUNDAI CORP
CONTRACT SUMMARY](#)
- [Hyundai fiscal Note](#)

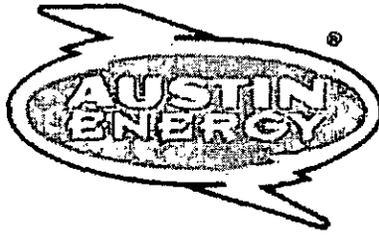
For More Information: Dolores Castillo, Sr. Buyer
512/3212-6466

MBE/WBE: This contract was awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

Prior Council Action: May 25, 2006, by Resolution No. 20060525-051

This contract is to purchase power transformers to be used throughout the various substations in the Austin Energy Service Area. This type of large transformer is used to convert power delivered by the City's transmission system from 138,000 volts to the distribution level of 12,470 volts.

Due to several unplanned substation additions, Austin Energy needs additional funding to purchase four additional transformers. These transformers will cover the addition of two transformers at the Dessau Substation to accommodate Samsung's new February 2007 expansion and two transformers to the new substation near Wells Branch to accommodate a new Hewlett Packard data center. The Austin Energy General Manager approved a Critical Business Need on June 2, 2006 for this purchase in order to meet the required delivery and installation deadlines.



MEMORANDUM

TO: Mayor and Council Members
Toby Hammett Futrell, City Manager

FROM: Juan Garza, General Manager
Austin Energy

DATE: June 2, 2006

SUBJECT: Ratification of Contract with Hyundai Corp. for Increased Spending Authorization for Power Transformer Supply Agreement, as a Critical Business Need

BACKGROUND:

Due to several new customer driven substation additions this year and next, Austin Energy (AE) needs to increase the authorized spending amount on contract C060081, with Hyundai Corp. for the current contract year (February 1, 2006 through January 31, 2007), from \$3,034,480 to \$6,484,480, an increase of \$3,450,000 for the initial term. This increase will provide the spending flexibility to cover the purchase of four additional transformers that were not anticipated when the original request was submitted. The four additional transformers will cover the addition of two transformers at the Dessau substation to accommodate Samsung's new Fab 2 expansion, and to a new substation near Wells Branch to accommodate a new Hewlett Packard data center.

RESOLUTION:

Our current project schedule requires that AE issues purchase orders immediately to meet the required delivery date for the Wells Branch transformers. For this reason, I have authorized AE to expedite this item as a critical business need. This action is in accordance with the critical business need provision of the AE Purchasing Procedures adopted by the City Council. We will submit an RCA for ratification of this action on July 27, 2006.

Please let me know if you have any questions. I can be reached at 322-6002.


Juan Garza
General Manager
Austin Energy

cc: Byron Johnson, Purchasing Officer
Cheryl Mele, Sr. Vice President, Electric Service Delivery

AGENDA DATE: 07/27/06

CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION
VENDOR NAME: Hyundai Corp.

CONTRACT SUMMARY

Description	Action	Amount
Original Contract	12-month contract for power transformers in the amount of \$3,034,480, with three 12-month extension options in the amount of \$2,552,946 for the first extension option, \$9,939,052 for the second extension option and \$4,552,946 for the third extension option	\$20,079,424
Amendment No. 1	Change Vendor's Name	\$0.00
Amendment No. 2	Add Line Item 4.0	\$0.00
Proposed Amendment No. 3	Increase Contract for four additional transformers: two transformers at the Dessau Substation (Samsung's new February 2007 expansion) and two transformers to the new substation near Wells Branch (new Hewlett Packard data center)	\$3,450,000
	Revised Total Contract	\$23,529,424

CIP BUDGET
Fiscal Note

DATE OF COUNCIL CONSIDERATION: 7/27/2006
WHERE ON AGENDA: Resolution
DEPARTMENT: Austin Energy

SUBJECT: Approve ratification of contract Amendment No. 3 with HYUNDAI CORP., Gardena, CA, to increase the contract authorization for the purchase of additional power transformers in an amount not to exceed \$3,450,000 for a revised total contract amount not to exceed \$23,529,424.

FINANCIAL INFORMATION:

Parent Project Name: **Distribution Substation**
Project Authorization: 2005-2006 Amended Capital Budget

Current Appropriation	\$ 85,149,349.00	
Unencumbered Balance		\$ 15,138,975.26
Amount of This Action		<u>(3,450,000.00)</u>
Remaining Balance		<u>\$ 11,688,975.26</u>

Use of Remaining Balance:

Remaining funds will be used for design, construction, equipment, and material acquisition to complete the project.

Use of Any Remaining Funds After Completion of Project:

No remaining funds anticipated at this time.

Director, Planning and Budget Signature: J.E. Pokorny Date: 7/7/2006